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Submission To House of Representatives Standing Committee Inquiry Into The Use Of 'Fly-In, Fly-Out' (FIFO) Workforce Practices In Regional Australia

Dear Sir/Madam

I am responding to your invitation for submissions relevant to your Committee's inquiry into the incidence and impact of fly-in-fly-out workforce practices in regional Australia.

I am writing as chair of remoteFOCUS, a project facilitated by the Alice Springs based organisation, Desert Knowledge Australia (DKA). DKA is a statutory corporation of the Northern Territory which has a Board appointed by the Territory Government which I chair. The views expressed are those of the project and should not be taken as the views of the Territory Government. The general scope of our activities can be found at <http://www.desertknowledge.com.au/Our-Programs/remotefocus>. We would of course welcome the opportunity to present oral evidence to the Committee if that would be appropriate.

This submission addresses the last term of reference, other related matters, and in particular, about the appropriate perspective for evaluating the FIFO submissions.

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Our engagement with the issues being reviewed by the Committee has occurred in the context of a general assessment of governance arrangements in remote Australia. This included a case study of the specific circumstances arising in the Pilbara. Our findings in this work underwrite this submission.

The governance of government in remote Australia is a barrier to effective responses to FIFO concerns

Our submission relates to an issue on which the inquiry is silent, but one which in our view is critical to meaningful consideration of responses to concerns raised around FIFO workforce practices.

The ‘governance of government’ at the heart of our work refers to the ways governments are structured and administered to deliver on the responsibilities assigned to them by elected representatives. Our particular interest is with governance in the vast territory known as ‘remote Australia’. Our project remoteFOCUS responds to basic questions about the vision, capabilities, mandates and authorities that determine how tasks are performed and responses mounted at different levels across remote Australia and whether they are sufficiently legitimate, strong or appropriate. Are present governance arrangements themselves up to the challenge of responding positively to the issues raised in the many submission around FIFO? For example:

- Are the various responsibilities appropriately assigned to the right levels of government?
- Are there mandates assigned in ways that are adapted to specific local/regional circumstances as well as nationally shared visions?
- Is there sufficient flexibility and discretion at the local / regional level in determining how resources are to be assigned and used?
- Do the mandates of the Commonwealth, State and Territory and Local Government agencies allow genuine engagement of the citizens whose participation and involvement in practice is essential to achieve beneficial outcomes and who must live with the consequences of poorly assigned mandates?
- Are the public servants on the ground in regional Australia sufficiently skilled experienced and consistently motivated to engage with these demanding, distinctive and critical challenges?

Our work suggests that the Government governance framework that is presently in place far from offering a solution is itself a cause of repeated failure to achieve widely shared desires for progress in remote Australia. It leads us to believe that the presently favoured governance framework deserves and needs to be substantially reworked.

What we have learned from the people of remote Australia

Our conversations and engagements across remote Australia over the last three years are pertinent as they help explain the angst some in the community experience as a result of FIFO practices.

In summary these concerns are that:

- people feel powerless, they have no say over the decisions which affect their lives,
- they are served by bureaucracies which are remote, personnel are often transient, there is little or no sense that public servants are responsible to them as against their bureaucratic and political superiors in the metropolitan capitals,
- while they are heavily dependent on government, attention from governments is irregular and unpredictable and financial flows are not sustainable, nor do their elected governments mediate the sometimes very significant global influences on their communities and lives (FIFO is a case in point), and
- they live in the forgotten backyards of the capital cities, and they are not part of a national narrative which makes sense of the decisions made elsewhere which affect their lives.

These concerns speak to the dysfunctions of governance in remote Australia but they are also aspirational claims about a desired/future style of governance – that is, they are what the people of remote Australia tell us “what success looks like”.

The Committee is confronted with a range of submissions that confirm these or similar concerns built around the FIFO experience. Our view is that any response to FIFO would need to be addressed within a framework that also embraced these broader community concerns. It is also clear that the significant reforms implemented over the past three decades in how government manages the economy, delivers services and commitments on public welfare have had very uneven effects in remote Australia. FIFO practices merely exacerbate or highlight an inadequate governance system.

Remote Australia in Context

Our research leads us to advance five propositions about the current condition of remote Australia that could be relevant to your inquiry.

First, remote Australia confronts extraordinarily diverse and complex local realities. Nonetheless there are common issues, and these issues are globally familiar: they are common to regions where people reside remote from centres of economic and political power but are facing rapid social and economic change. Remote Australia is on the periphery of the political dynamic that drives Australian democracy. It is characterised by a dual economy and absence of a market that might deliver outcomes without government interventions. It lives in the ‘backyard’ of each state and territory in the nation.

Second, while it is important to recognise the limited influence that public policy can have on aspects of these issues, present governance arrangements are not well attuned to the circumstances that are emerging in remote Australia including increased use of FIFO. Local institutions are being overwhelmed, many are unsuited to the tasks they confront, and as a consequence, they are unable to create durable and equitable arrangements to manage conflict, deliver services or sponsor entrepreneurial activity.

Third, there are ways of remedying these governance issues, but the more promising prospects involve greater degrees - and varying patterns - of decentralised governance and community engagement. These approaches are challenged by a highly mobile population moving across great distances, a growing share of which is 'expatriate' in its outlook and commitment, is not tuned to local diversity, and unlikely to be seeking durable innovations in business or service delivery.

Fourth, remote Australia presents tough challenges, many of which may be immune to public policy. It includes citizens who are the most peripheral of all Australians to the mainstream economy and politics and, on the other, people who are intricately and beneficially linked with unprecedented global shifts in economic and political power. While the present dispensation of national and state/territory politics has prompted a high degree of attention to remote Australia (particularly Aboriginal disadvantage and resource development), normal legislative politics are unlikely to result in the structural reforms needed to address these issues. Special purpose initiatives will be required, and these will need bipartisan political commitment and support from business, professional and community organisations.

Fifth, in the absence of a narrative that embraces micro economic reform and establishes the national interest in remote Australia and a settlement pattern that supports that national interest, nothing is going to change and it will be difficult to address concerns raised by FIFO practices.

Impact of FIFO Workforce Practices on Communities

In the course of our work we have been made aware of local concerns about the impact of fly in fly out arrangements on local communities. What is also clear is that there is involvement of all levels of government in this issue as well as the companies making large investment decisions which impact on the economy locally, as well as at a State, Territory and national level. The Commonwealth taxation arrangements affect the economics of fly in fly out versus providing local accommodation, States and Territories are involved through planning and other responsibilities relating to the peace order and good government of the State or Territory, local government is involved as a political voice of the local community as well as the provider of local planning and services. All of these have legitimate interests but are unlikely to make decisions on the basis of an overall consideration of the concerns of the others.

The way government is arranged to make and implement decisions has a fundamental impact on how issues such as the ones the Committee is considering are dealt with.

It is clear current economic conditions, population, employment and tax frameworks build FIFO into the business model of most large corporations. Our view is this is unlikely to change while ever there is unwillingness to adjust the economic levers available to government.

The breadth of government and non-government stakeholders, pose the question of the appropriate perspective for evaluating FIFO's impacts on local communities and how and by whom decisions will be made. Since it will underpin and guide the Committee's evaluation and recommendations, we suggest that the perspective that the Committee adopts will be critical. In a nutshell, we suggest that underlying governance arrangements deserve to figure as a critical consideration in government's response to FIFO practices.

Moreover, we question whether present highly centralised and locally fragmented governance arrangements can respond adequately to the pressures that resource developments are creating in remote regional locations. We believe a more contextualised governance structure is required to provide authority, legitimacy and capacity at the appropriate level to achieve outcomes in regions of remote Australia. What we propose is deeper than localism and the regional planning frameworks developed through the RDA process.

This step-jump in governance is necessary to ensure that representational and policy development processes provide adequate and fair representation for all relevant stakeholders. Governance structures should allow unfolding concerns to be routinely identified and addressed at appropriate levels of place and with the prospect of effective resolution. Present governance arrangements are not capable of realising these outcomes. Indeed, current arrangements far from mediating effective solutions are themselves often a contributor to discontent.

For evidence look no further than the present profusion of authorities in the Pilbara. Or consider the actions that might be required to ameliorate FIFO impacts. Any remedies must involve on-going processes for identifying and resolving the fresh concerns that will inevitably unfold. What are the governance arrangements that will mediate such outcomes? Are present arrangements likely to be up to the task? Our answer is a clear negative.

A variety of pressures and developments coalesce to suggest that fresh thinking is required about the appropriate place to assign mandates and resolve issues. At present, governance is constituted, on one side, by departments and agencies in the federal or state capitals – Canberra or Perth or Brisbane for example – and at local levels via a generally under resourced local government or groupings of Aboriginal organisations.

In remote Australia, we believe local government structures struggle and regional level responses are emerging. RAPAD in Central West Queensland is one example of a regional response to the need to create a stronger base for local voice.

Yet governance structures at this level are now conspicuous by their absence. Authority remains almost wholly concentrated in the distant centres and the local bodies have insufficient scale or capability for the planning, coordination and representational roles that are required.

In the face of analogous pressures elsewhere, the OECD has advocated regionalised or place-based approaches. They are at the heart of the Cameron-Clegg domestic agenda in the UK. As in Australia, the reasons lie in the failures of joined-up or whole-of-government approaches to deliver promised outcomes and the independent need to develop regional level co-ordination, planning, advocacy and issue resolution capabilities. Structures and processes that embed the principle of subsidiarity are recommended to respond to more differentiated community needs and more differentiated regional challenges. These developments in international thinking and approaches are reviewed in Attachment A to this submission, a section from one of the consultant's reports we commissioned in association with our broader study.

The FIFO issue is symptomatic of these wider issues. Take the region in Australia where these pressures are currently most acute, the Pilbara. The Committee has received comprehensive submissions from the relevant shires. Already, some 55 000 FIFO beds are estimated to be available in the context of a settled population of around 57 000. The impact on stable community life of routine population movements of this magnitude does not need underlining. How will this arrangement mesh with the Western Australian Government's stated ambition to create at least two new substantial cities in the Pilbara? The Shire submissions also point to the impact of present rating arrangements and the undesirable dependency on corporate largesse which they induce. In addition, the FBT had the unintended consequence of creating economic incentives to bypass the development of communities in favour of a largely itinerant workforce. But there is no regional level governance structure or framework where such concerns could be authoritatively aired or negotiated.

The concerns the committee is considering involve issues that primarily affect communities that cluster in social and economic regions. The region is a primary unit for representation, coordinated planning and advocacy. What governance structure now operates at this level? How effective are they? Yet short of more developed governance capabilities at this level how can FIFO or other issues be effectively managed? Within what framework can the legitimate interests of the communities and all levels of government go about their business on the basis of being part of an overall approach which takes into account the legitimate interests of each so that the role and authority of each is recognised and accommodated and resources allocated effectively?

FIFO Workforce Practices and Micro Economic Reform in Remote Australia

The gains in a reconsideration of governance as a response to FIFO practices may not just lie in individual dignity, community confidence and policy effectiveness. This can also be seen as an essential micro economic reform. What is clear in emerging policy from OECD and non-OECD developing country contexts is the importance of economic policy rather than 'services' as the key policy objective in remote communities and the role of government not just in regulation of the broad macro-economic framework but as an active partner in business and livelihood with community and private sector.

In the absence of a narrative that embraces micro economic reform and establishes the national interest in remote Australia and a settlement pattern that supports that national interest, nothing is going to change and it will be difficult to respond to concerns regarding the impact of FIFO.

We are also profoundly aware of the challenge to existing ways that a move away from these approaches would represent. Budgetary and fiscal protocols that are at the heart of government are involved as well as departmental organisational arrangements, federal-state governance protocols and agreements and political accountability structures. But parallel systems to our own both in the UK (under the Cameron-Clegg government) and throughout the OECD and non OECD developing countries are confronting exactly analogous issues and they are devising solutions which could be considered for application to Australia.

At the same time, as the OECD and other analyses assert, there is no one size fits all regional governance design. The community development pressures and concerns that arise in the Pilbara are significantly different to those in the Kimberley and neither is exactly analogous to needs in regional Queensland.

Taking the Pilbara again, decision-making is now largely centralised in Canberra and Perth or crystallised in those locations by decisions taken in boardrooms that are in some cases not even in Australia. Of course all these stakeholders have real and proper interests in what happens in this critical region. But the governance arrangements that currently exist are weighted against an adequate consideration of regionally based issues of community development – yet these are critical to the longer-term social viability of these places and to the life experiences of the Australian citizens who live there. There is no governance structure that is above 'the contest' and acts first and foremost in the best interests of the Pilbara as a region.

For much of remote Australia, public policy remains blind to the fact that geography and globalisation conspire against an even spread of economic opportunity, and that viable economic livelihoods in remote Australia require an innovative blending of the formal economy, 'hybrid' or social enterprise economies, and public sector equity, risk mitigation and enablement. Dealing with this blind spot in our national interest requires skills and capabilities that successive governments have underinvested in. This must surely be acknowledged and remedied to build a

governance framework capable of adapting to pressures and change such as those caused by FIFO workforce practices.

Why not try more contextualised governance approaches as a means of mediating the effects of rapid economic and social change, including the effects of FIFO workplace practices? Regions in remote Australia are ideally suited to pilot such an approach.

Recommendation

We urge the Committee to follow this inquiry with the examination of a more fundamental question: namely, are present Government governance arrangements themselves fit-for-purpose and capable of responding adequately to pressures such as FIFO as they drive change on remote and regional Australia.

We would welcome the opportunity of elaborating any of these points and of course of presenting our views in oral evidence.

Yours sincerely

Hon Fred Chaney AO

Chair
remoteFOCUS Reference Group

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